

**RENAISSANCE ZONE AUTHORITY
MEETING MINUTES
June 9, 2010**

The Bismarck Renaissance Zone Authority met on June 9, 2010 in the 2nd Floor Conference Room in the City-County Office Building at 221 North 5th Street.

Authority members present were Dave Blackstead, Chuck Huber, George Keiser, Kevin Magstadt, Carol Vondrachek and Curt Walth.

Technical Advisors Bruce Whittey and Jeff Ubl were present.

Staff members present were Jason Tomanek, Kimberley Gaffrey and Brenda Johnson.

Guests present were Richard Mauer (BMDA), Jody Smith (JS Bridal, LLC) and Dawn Kopp (Downtowners).

CALL TO ORDER

Chairman Blackstead called the meeting to order at 4:00 p.m.

MINUTES

The minutes of the March 10, 2010 meeting were distributed with the agenda packet.

MOTION: A motion was made by Mr. Walth and seconded by Mr. Magstadt to approve the minutes of the March 10, 2010 meeting as received. The motion passed unanimously with members Blackstead, Huber, Magstadt, Vondrachek and Walth voting in favor.

Authority Member Keiser arrived at the meeting.

RENAISSANCE ZONE PROJECT APPLICATION

A. 115 North 4th Street – JS Bridal, LLC dba Bridal N’ More– Lease

Mr. Tomanek gave an overview of the lease project by JS Bridal, LLC dba Bridal N’ More for the building at 115 North 4th Street. Mr. Tomanek said the applicant is proposing to lease space on the 1st, 2nd and basement levels of the building at 115 North 4th Street for a bridal and formal wear business. The owner of the building, J & J Smith Property Management, LLC is currently rehabilitating the building as a separate Renaissance Zone project. The building floor area is 11,259 square feet and the applicant’s lease area would be 5,800 square feet, with an estimated income tax benefit of \$4,000 over five years.

Mr. Tomanek then listed the following findings for the proposed Renaissance Zone Project:

1. The proposed use is consistent with the City's Renaissance Zone Development Plan.
2. The building is currently being rehabilitated as a separate Renaissance Zone project.
3. The lease would be for an expanding business relocating within the Zone. The business is currently located in downtown Bismarck, but will be moving to this new location in order to expand the size of their operation. The applicants are proposing to lease space in the building that will be converted from office space to retail space. The applicants would be leasing 2,700 SF of space on the street level, 1,300 SF in the basement and 1,800 SF on the mezzanine level for a total of 5,800 SF of retail space.
4. The applicant anticipates adding two additional full-time employees and one to two part-time employees.
5. Occupancy of the space is anticipated for August 2010.

Mr. Tomanek said based on the above findings, staff recommends approval of the designation of the lease of space in the building at 115 North 4th Street by JS Bridal, LLC dba as Bridal N' More, as a Renaissance Zone project, with an exemption from state tax on income derived from the business and investment location for five years beginning with the date of occupancy.

MOTION: Based on the findings included in the staff report, a motion was made by Mr. Walth and seconded by Ms. Vondrachek to recommend approval of the request for designation of the lease of space in the building at 115 North 4th Street by JS Bridal, LLC dba Bridal N' More, as a Renaissance Zone project, and an exemption from state tax on income derived from the business/investment location for five years beginning with the date of occupancy. The motion passed unanimously with members Blackstead, Huber, Keiser, Magstadt, Vondrachek and Walth voting in favor.

RENAISSANCE ZONE STATE GUIDLINE CHANGES

Public Utility Infrastructure

Mr. Tomanek stated as a result of his research with the state and other communities regarding public utility infrastructure, no one is offering any information and at this time it appears that no communities are considering adding this incentive to their Development Plan. The following items that must be addressed in the City's Development Plan if implemented:

1. What criteria the City would use to approve infrastructure projects
2. How the City will monitor projects both in the Zone and infrastructure projects outside the Zone
3. A determination of the tax credits available to property owners affected by the utility infrastructure project

4. The City must also agree to work with the State Board of Equalization to determine the property tax exemption for utility projects and state the exemption in the development plan

Mr. Tomanek added that staff is looking for direction from the Renaissance Zone Authority as to how this new provision should be addressed in the City's Development Plan because there is nothing to go on from other communities.

Mr. Keiser commented that the City of Bismarck was the first community to run into this issue when American Bank Center wanted to underground their utilities as a part of their renovations and proposed building expansion. This type of improvement was not and currently is not allowable as part of an expense for qualifying through the Renaissance Zone program. Mr. Keiser said the real intent of the policy is for a community that comes forward with a plan for an entire area to go underground with their utilities or a streetscape plan. If a business comes along and does renovations, they have to meet the streetscape design requirements that should be an allowable cost because they cannot do the project without doing the streetscape.

Mr. Walth suggested that for the Renaissance Zone Authority to even consider the public utility infrastructure, the costs of relocating utilities to underground should be known.

After some discussion it was the general consensus of the Renaissance Zone Authority that staff will gather information on the costs of relocating utilities to underground to be reviewed at the next meeting. Mr. Tomanek indicated he would contact Montana Dakota Utilities to begin discussions and report back at the next Renaissance Zone Authority meeting.

Completed Blocks

After reviewing the current Renaissance Zone and surrounding areas and some discussion, the Renaissance Zone Authority agreed on a block to be removed and a block to be added to the Renaissance Zone.

MOTION: A motion was made by Mr. Keiser and seconded by Ms. Vondrachek to remove Block 4A (Bismarck Tribune Building block) and to add the block directly east of 9th Street North and directly south of Main Avenue. The motion passed unanimously with members Blackstead, Huber, Keiser, Magstadt, Vondrachek and Walth voting in favor.

RENAISSANCE ZONE PROJECTS – PER SQUARE FOOT INVESTMETNS

Mr. Tomanek said that the Bismarck Renaissance Zone Development Plan requires applicants pursuing Renaissance Zone Project designation to invest a minimum dollar amount in the building or space being rehabilitated. The current new construction investment is set at \$75.00 per square foot and lease projects are required to invest at least \$10.00 per square foot in buildings not previously rehabilitated as Renaissance Zone projects. Staff has researched and analyzed the current market rates for both new construction and remodeling projects and the

examples were compared with figures provided by the Building Inspections Division for new construction and remodeling projects.

After a brief discussion it was the general consensus of the Renaissance Zone Authority that the minimum per square foot investment for lease space projects, as well as new construction projects minimum per square foot investment amounts should be increased due to inflation.

MOTION: A motion was made by Mr. Walth and seconded by Mr. Huber to increase the minimum investment from \$10 to \$20 per square foot for lease space projects. The motion passed unanimously with members Blackstead, Huber, Keiser, Magstadt, Vondrachek and Walth voting in favor.

MOTION: A motion was made by Mr. Keiser and seconded by Mr. Magstadt to increase the minimum investment from \$75 to \$100 per square foot for new construction projects. The motion passed unanimously with members Blackstead, Huber, Keiser, Magstadt, Vondrachek and Walth voting in favor.

STATUS OF APPROVED RENAISSANCE ZONE PROJECTS

Mr. Tomanek said that no Renaissance Zone Projects have been closed out on the last month.

STATUS OF APPROVED CORE INCENTIVE PROJECTS

Mr. Tomanek said that no CORE Incentive Program Projects have been closed out in the last month.

OTHER BUSINESS

There was no other business.

ADJOURNMENT

There being no further business, Chair Blackstead adjourned the meeting of the Bismarck Renaissance Zone Authority at 5:00 p.m.

Respectfully Submitted,

Kimberley Gaffrey
Recording Secretary

APPROVED:

David Blackstead
Chair